



DIVISION OF  
CORPORATION FINANCE  
MAIL STOP 7010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-7010

July 25, 2007

Alex Vanselow  
Chief Financial Officer  
BHP Billiton Limited and BHP Billiton PLC  
180 Lonsdale Street  
Melbourne, Victoria 3000  
Australia

**Re: Form 20-F for the Fiscal Year Ended June 30, 2006  
Filed on September 25, 2006  
Response Letter Dated July 6, 2007  
File Nos. 001-09526 and 001-31714**

Dear Mr. Vanselow:

We have reviewed your Form 20-F for the Fiscal Year Ended June 30, 2006 and your response letter dated July 6, 2007, and have the following additional comments. We have limited our review of your filing to those issues we have addressed in our comments. Where indicated, we think you should revise your document in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure. After reviewing this information, we may raise additional comments.

Form 20-F for the Fiscal Year Ended June 30, 2006

Annual Financial Statements, page F-1

Consolidated Cash Flow Statement, page F-7

1. We note your response to prior comment 2, indicating your preference to not report exploration costs that are expensed as incurred, which enter into the determination of profit or loss, as operating cash flows. We have discussed your particular circumstances and views with our Division Chief Accountant's Office, and continue to believe that reclassification of these expenditures is necessary to comply with IAS 7.

Note (H) Exploration, Evaluation and Development Expenditure, page F-88

2. We note your response to prior comment 3, regarding your policy of capitalizing drilling expenditures you incur at a producing mine for the purpose of converting mineralized material to proven and probable reserves, or for further delineation of existing proven and probable reserves. You state that you apply this policy to all drilling costs incurred "...within the physical boundaries of the known mineralized material," reasoning that these are for the purpose of converting mineralized material to proven and probable reserves, even though drilling activity associated with a particular cost that is capitalized may not alone result in incremental reserves. Further, you indicate that this policy encompasses costs other than drilling, such as costs of "...mine planning, metallurgical, environmental, social, legal and economic evaluation," as these impact modifying factors that must change in converting mineralized material to proven and probable reserves.

Please further expand your proposed disclosure to include this information, as set forth in the last paragraph of your response to prior comment 3. Also clarify in the policy note how each of the parameters and criteria listed in your reply, which you consider in determining whether a particular cost is eligible for capitalization, are applied.

For example, explain whether for costs to be capitalized the drilling *must be* within the physical boundaries of the mineralized material of the existing producing property; and whether any extension of the reserves within the ore body *must be* capable of being mined under the rights granted under the existing leases; also clarifying the geographic proximity criteria and identifying the constraints on your ability to declare economically recoverable reserves that would preclude capitalization of costs under your policy. Disclose your rationale for applying this policy to producing properties, but not to other properties on which you have established proven and probable reserves.

Closing Comments

As appropriate, please amend your filing and respond to these comments within 10 business days or tell us when you will provide us with a response. You may wish to provide us with marked copies of the amendment to expedite our review. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested information. Detailed cover letters greatly facilitate our review. Please understand that we may have additional comments after reviewing your amendment and responses to our comments.

Mr. Alex Vanselow  
BHP Billiton Limited and BHP Billiton PLC  
July 25, 2007  
Page 3

You may contact Donald F. Delaney, at (202) 551-3863, if you have questions regarding comments on the financial statements and related matters. Please contact me at (202) 551-3686, with any other questions.

Sincerely,

Karl Hiller  
Branch Chief